

PROPOSITION

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**CHILDREN'S HOSPITAL PROJECTS.
GRANT PROGRAM.
BOND ACT. INITIATIVE STATUTE.**

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

**Children's Hospital Projects. Grant Program.
Bond Act. Initiative Statute.**

- Authorizes \$750,000,000 in general obligation bonds, to be repaid from state's General Fund, for grants to eligible children's hospitals for construction, expansion, remodeling, renovation, furnishing and equipping children's hospitals.
- 20% of bonds are for grants to specified University of California general acute care hospitals; 80% of bonds are for grants to general acute care hospitals that focus on children with illnesses such as leukemia, heart defects, sickle cell anemia and cystic fibrosis, provide comprehensive services to a high volume of children eligible for government programs, and that meet other stated requirements.

Summary of Legislative Analyst's Estimate of Net State and Local Government

Fiscal Impact:

- State cost of about \$1.5 billion over 30 years to pay off both the principal (\$750 million) and the interest (\$756 million) costs of the bonds. Payments of about \$50 million per year.

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ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Children’s hospitals focus their efforts on the health care needs of children by providing diagnostic, therapeutic, and rehabilitative services to injured, disabled, and sick infants and children. Many children receiving services in these hospitals are from low-income families and have significant health care needs.

PROPOSAL

This measure authorizes the state to sell \$750 million in general obligation bonds for capital improvement projects at children’s hospitals. The measure specifically identifies the five University of California children’s hospitals as eligible bond-fund recipients. There are other children’s hospitals likely to meet the eligibility criteria specified in the measure, which include providing at least 160 licensed beds for infants and children. Figure 1 lists these children’s hospitals.

For more information regarding general obligation bonds, please refer to the section of the ballot pamphlet entitled “An Overview of State Bond Debt.”

The money raised from the bond sales could be used for the construction, expansion, remodeling, renovation, furnishing, equipping, financing, or refinancing of children’s hospitals in the state. Eighty percent of the monies would be available to nonprofit children’s hospitals and the remaining 20 percent would be available to University of California children’s hospitals. The monies provided could not exceed the total cost of a project, and funded projects would have to be completed “within a reasonable period of time.”

Children’s hospitals would have to apply in writing for funds. The California Health Facilities Financing Authority (CHFFA), an existing state agency, would be required to develop the grant application. It must process submitted applications and award grants within 60 days. The CHFFA’s decision to award a grant would be based on several factors, including whether the grant would contribute toward the expansion or improvement of

FIGURE 1

CHILDREN’S HOSPITALS ELIGIBLE FOR PROPOSITION 61 BOND FUNDS

Specifically Identified as Eligible

Mattel Children’s Hospital at University of California, Los Angeles
University Children’s Hospital at University of California, Irvine
University of California, Davis Children’s Hospital
University of California, San Diego Hospital Children’s Hospital
University of California, San Francisco Children’s Hospital

Likely to be Eligible

Children’s Hospital and Health Center San Diego
Children’s Hospital Los Angeles
Children’s Hospital and Research Center at Oakland
Children’s Hospital of Orange County
Loma Linda University Children’s Hospital
Lucile Salter Packard Children’s Hospital at Stanford
Miller’s Children’s Hospital, Long Beach
Children’s Hospital Central California

health care access for children who are eligible for governmental health insurance programs, or who are indigent, underserved, or uninsured; whether the grant would contribute toward the improvement of child health care or pediatric patient outcomes; and whether the applicant hospital would promote pediatric teaching or research programs.

FISCAL EFFECTS

The cost of these bonds to the state would depend on the interest rates obtained when they were sold and the time period over which this debt would be repaid. If the \$750 million in bonds authorized by this measure were sold at an interest rate of 5.25 percent and repaid over 30 years, the cost to the state General Fund would be about \$1.5 billion to pay off both the principal (\$750 million) and the interest (\$756 million). The average payment for principal and interest would be about \$50 million per year. Administrative costs would be limited to CHFFA’s actual costs or 1 percent of the bond funds, whichever is less. We estimate these costs will be minor.

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ARGUMENT in Favor of Proposition 61

California Children's Hospitals treat children with the most serious and deadly diseases like LEUKEMIA, CANCER, HEART DEFECTS, SICKLE CELL ANEMIA, DIABETES, AND CYSTIC FIBROSIS.

Over 1 million times last year, children facing life-threatening illness or injury were cared for at regional Children's Hospitals without regard to a family's income or ability to pay. Children are referred to these pediatric centers of excellence for treatment by other hospitals in California.

Children's Hospitals save hundreds of children's lives every day. Many children are cured. Others have their young lives extended for many years. And all have the quality of their lives improved.

We know. Our children have all been cared for at a California Children's Hospital.

Proposition 61, the CHILDREN'S HOSPITAL BOND, will help make room in these wonderful hospitals to treat the children who need care.

PROPOSITION 61 DOES NOT RAISE TAXES. The bonds will be repaid from the existing State budget.

PROPOSITION 61 FUNDS WILL ALLOW CHILDREN'S HOSPITALS TO INCREASE BED CAPACITY TO ENSURE THAT SICK AND INJURED CHILDREN HAVE ACCESS TO A REGIONAL FACILITY where they can receive the kind of care that our children got. Children's Hospitals' emergency rooms are critically overcrowded and need enough capacity to handle the seriously ill and injured children sent to them.

Regional Children's Hospitals provide specialized care to children throughout California. For example:

- 87% of the inpatient care for children who need heart surgery;
- 95% of all surgery for children who need organ transplants;

- More than 64% of the inpatient care for children with cancer.

The nation's premier pediatric research centers are in Children's Hospitals, making them the source of medical discoveries and advancements that benefit all children. *Today, almost 90% of children born with heart defects can be cured or helped considerably by surgery. The survival rate of children with leukemia is now greater than 80 percent.*

PROPOSITION 61 WILL ALLOW CHILDREN'S HOSPITALS TO PURCHASE THE LATEST MEDICAL TECHNOLOGIES and special equipment for sick babies born prematurely, seriously underweight, or with defective organs. These nonprofit hospitals need our help!

Children with Heart Disease or Cystic Fibrosis or Cancer have to be admitted over and over to a Children's Hospital to stabilize and treat their life-threatening and debilitating illnesses. Children's Hospitals have the specialists to improve the quality of those kids' lives, helping them to stay at home and stay in school. **THE MOST SERIOUSLY ILL AND INJURED CHILDREN ARE BEING SAVED EVERY DAY AT A CHILDREN'S HOSPITAL!**

The doctors, nurses, and staff at Children's Hospitals are unlike any other people you will ever meet. Their lives are dedicated to a mission. And *that mission is to treat children with the most serious and deadly diseases like Leukemia, Cancer, Heart Defects, Sickle Cell Anemia, Diabetes, and Cystic Fibrosis.*

Please join our families and millions of others whose children need California's Children's Hospitals. **PLEASE VOTE YES ON PROPOSITION 61.**

TRENT DILFER, *Parent*

ERIKA FIGUEROA, *Parent*

DAVID LIU, *Parent*

REBUTTAL to Argument in Favor of Proposition 61

Rebuilding hospitals can make some select contractors rich—but it does not guarantee health care for anyone.

The principal problem in California—and across America—is that we have an estimated 44 million legal residents (including children) who have no health insurance and tens of millions more who have inadequate coverage.

Persons without adequate health insurance delay seeking care (until they end up in expensive emergency rooms) and government-operated hospitals, as well as the many so-called “nonprofit” corporations that run most hospitals, seek to charge the uninsured up to 3 times the rates negotiated by public and private insurers.

The current health care system in California and in our country is littered with middlemen and profiteers who steal limited resources from actual care.

Put differently, the current system is wasteful and unfair. We need a “single-payer” health care system in which every legal resident receives basic health coverage.

In a political system ludicrously dependent upon private campaign contributions, entrenched special interests are able to give money to our elected officials so that *their* special interests are preserved or enhanced.

If we continue to have a national government beholden to the rich, the California Legislature should establish or offer voters a statewide “single-payer” system in which persons can have more or less insurance—but every legal resident has some insurance.

Closing our eyes to the real problems will NOT make California or America safer or better.

GARY B. WESLEY, *Attorney at Law*

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ARGUMENT Against Proposition 61

California voters have already approved billions of dollars in bond sales and have mortgaged the future.

The Legislature can always come up with yet another “motherhood and apple pie” project that would be nice.

However, *raising the money* (at this time of deficits and

high debt) *by more borrowing is not responsible.*

Not only the principal but also decades of interest would have to be repaid.

GARY B. WESLEY, *Attorney at Law*

REBUTTAL to Argument Against Proposition 61

We’ve never heard of this attorney who opposes Proposition 61. Have you?

He says that Proposition 61 will hurt California’s future. He’s wrong.

PROPOSITION 61 WILL GIVE THOUSANDS AND THOUSANDS OF SICK KIDS A CHANCE TO HAVE A FUTURE—beat their illnesses and live long and happy lives.

Many mothers of critically ill children worked hard to collect the signatures to put the Children’s Hospital Bond on your ballot because California’s Children’s Hospitals save lives every single day!

Children with leukemia, cancer, sickle cell anemia, cystic fibrosis, and heart disease. Children who are severely injured in car wrecks and house fires.

Thanks to the miraculous work, the finest pediatric research, and the loving care kids get at California’s

Children’s Hospitals, survival rates are improving dramatically.

Today, 80% of children with leukemia are making it and 90% survive delicate heart surgery.

This attorney tries to make a joke out of Proposition 61 by calling it a “motherhood issue.”

It is a “motherhood issue.” And **AS MOTHERS AND FATHERS OF VERY SICK KIDS WE ARE FIGHTING FOR THEIR LIVES.**

Please vote YES on Proposition 61, the Children’s Hospital Bond.

JENNIFER HUMMER, *Parent*

DAVID LIU, *Parent*

DEBBIE CERVANTES, *Parent*